

“An Analytic History of the All-Volunteer Force”
Under Secretary of Defense for Personnel and Readiness Bernard Rostker
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Instead of speaking from prepared remarks, **Under Secretary Rostker** chose to discuss a future project he is considering undertaking. The project would be to write a book, tentatively titled “An Analytic History of the All-Volunteer Force (AVF),” that would follow the development of the AVF and the role that economists and analysis played in its evolution.

Under Secretary **Rostker** posited that over time, there have been three main phases in the types of analytic questions AVF researchers have explored. When the move from conscription was under consideration, questions emerged about the hidden and societal costs of the draft, which in turn led to questions about compensation under a voluntary system. The analytic work conducted during this phase focused on developing a labor supply curve, based on draft rates. Three examples were the original article in the *American Economic Review* (AER) by Altman and Fetcher in about 1965, the White and Cook study on Air Force recruits, and a study on the supply of reservists done by Dr. Rostker.¹ This first set of analytic problems in the late 1960s and early 1970s addressed three basic issues: (1) whether there was a supply curve for military volunteers; (2) estimating its elasticity; and (3) evaluating the budgetary implications. The Gates Commission further explored the issue of factor substitution and the expansion of the military labor supply (e.g., by relying more on women).

The second analytic phase revolved around the question of whether it was possible to move to a more efficient supply curve, through such steps as improving recruiter efficiency and advertising more effectively. Advances in recruiting are largely attributable to General Maxwell Thurman, who initiated a number of reforms when he led the Army’s recruiting command. Other analyses looked at first-term accessions, with some forays into career retention patterns. Most of the early work on retention used the same models as were used to explore accession policies, and looked at wages at the end of the first enlistment term. With the work of Glenn Gotz, John Warner, and Gary Nelson, among others, these efforts evolved into models of dynamic retention, which increased the sophistication of the type of retention data that were collected and analyzed.² Work in this area continued into the late 1980s, and could be characterized as a series of attempts to better understand (1) the nature of the supply curve; (2) possibilities of moving along it through greater efficiencies; and (3) both first-term and career retention.

Moving into the early 1990s, the third analytic phase was characterized by a hiatus in interest in the AVF. The military drawdown, coupled with a decline in recruiting requirements, fed this trend. Consequently, the intellectual and management edge in building the force was lost, and by the late 1990s the military services began to miss their recruiting goals. At the same time, there were some important analytic efforts ongoing in related areas, including on the issue of

¹ Alvin A. Cook and John Patrick White, *Estimating the Quality of Air Force Volunteers* (RAND: Santa Monica, CA), 1970, and Bernard Rostker, *Air Reserve Forces Personnel Study*, Vols. 1 and 2 (RAND: Santa Monica, CA), 1973.

² For example, Richard Fernandez, Glenn Gotz, and Robert Bell, *The Dynamic Retention Model* (RAND: Santa Monica, CA), 1985.

comparable wages. Jim Hosek developed the Defense Economic Cost Index, and Beth Asch and John Warner analyzed ways to better rationalize the compensation system.³ These works, among others, sought ways to use compensation to attract, retain, and *motivate* people (not just to attract and retain them), an important and more sophisticated approach.

The book he would like to write, Under Secretary **Rostker** concluded, would follow that analytic history, highlighting the relevant work and analytic advances. Other than military manpower, he knows of no other area, at least in the defense realm, where the way the problem is structured and thought about so closely parallels the academic approach, and that has benefited so extensively from quality analysis.

³ James Hosek, Christine Peterson, Jeanette Van Winkle, and Hui Wang, *A Civilian Wage Index for Defense Manpower* (RAND: Santa Monica, CA), 1992; and, for example, Beth Asch, *Designing Military Pay: Contributions from the Economics Literature* (RAND: Santa Monica, CA), 1992, and Beth Asch and John Warner, *A Theory of Military Compensation and Personnel Policy* (RAND: Santa Monica, CA), 1994.